



NZX Annual Meeting 2015





Inform. Exchange. Grow

Presentation to Annual Shareholders Meeting

21 May 2015





Agenda

- Overview of the business
- Our markets
- Growth opportunities
- Progress to date
- Priorities going forward





Business Overview - Performance 2014

Business		2014 (\$M)	2013 (\$M)	Change (%)	2010-2014 CAGR (%)	% of 2014 Revenues
Capital markets	<ul style="list-style-type: none"> • Capital raising • Trading and clearing 	14.4	14.7	(3.6%)	15.8%	21.9%
	<ul style="list-style-type: none"> • Listing fees • Participant services • Securities data 	22.8	20.2	12.6%	4.6%	35.0%
Soft commodities	<ul style="list-style-type: none"> • Dairy futures • Grain (Clear) 	1.5	1.5	(3.2%)	15.9%	2.3%
Agricultural information	<ul style="list-style-type: none"> • Publications • Agri data (NZ and Aus) 	12.2	12.0	2.1%	2.4%	18.7%
Funds Management	<ul style="list-style-type: none"> • Smartshares 	2.7	2.5	10.5%	4.5%	4.2%
Market Operations	<ul style="list-style-type: none"> • Energy • Fonterra 	11.6	11.9	(2.0%)	7.2%	17.9%



Our Markets Overview





We are a markets business

- At our core, NZX is a markets business. We build and operate markets that are a critical part of the economies in which we operate
- Markets are more than exchanges – they are networks that include the underlying infrastructure, the products that trade, the intermediaries and investors that trade them, and the data and information that drives trading activity
- Our current focus is on building and operating capital, agricultural commodity and energy markets in New Zealand and Australia





Our markets are different

We must be different

- Our chosen markets are different
 - They all have high growth potential
 - They are and will remain relatively small by global standards
 - They are underdeveloped
- We have tremendous opportunities to grow the business **but** ...
 - We need to do things differently from other exchanges
 - We need to operate and invest in parts of the market that are underdeveloped, including industry utilities
 - We need to invest in long-term growth where the opportunities are most attractive

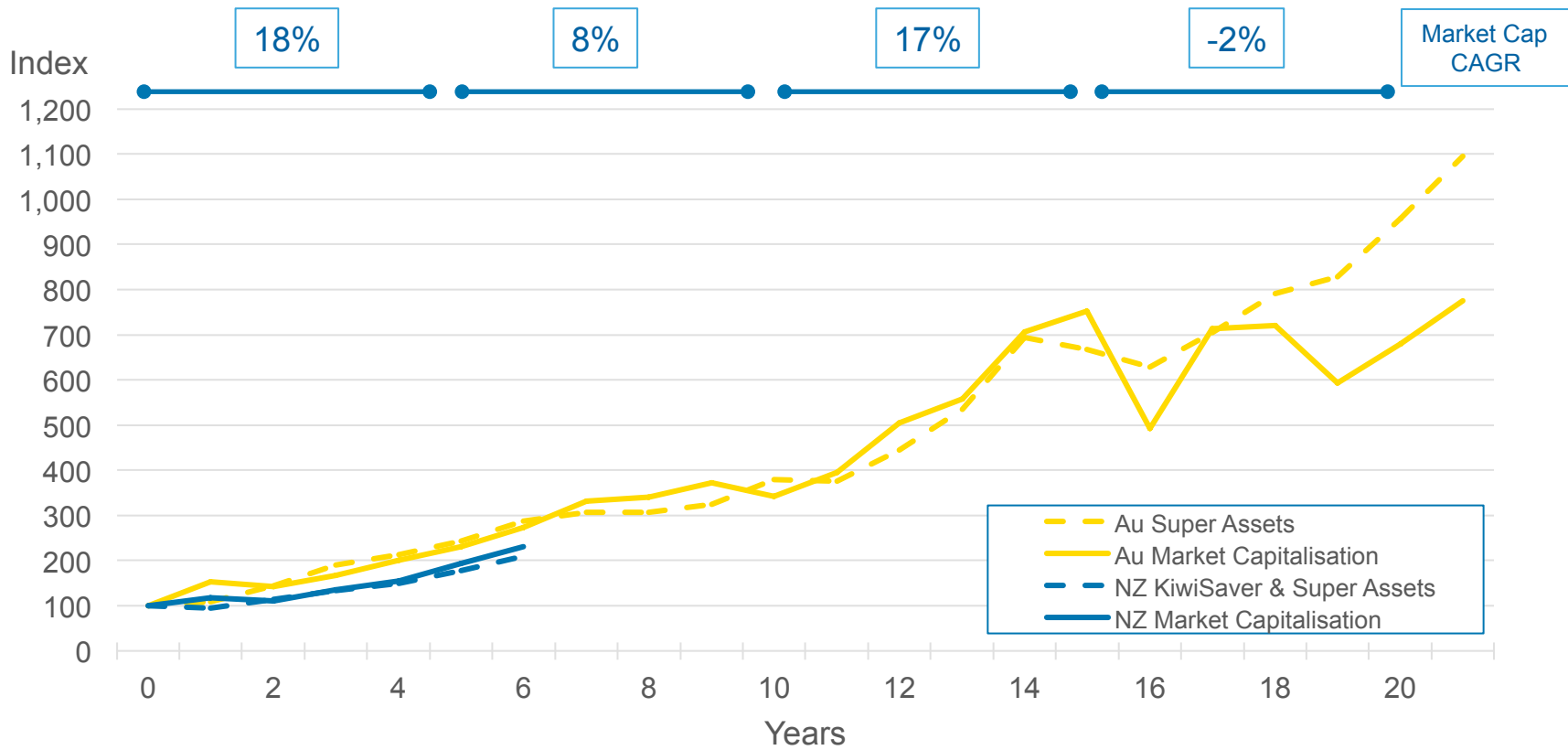


Growth Opportunities





Capital Markets The Twenty Year Journey



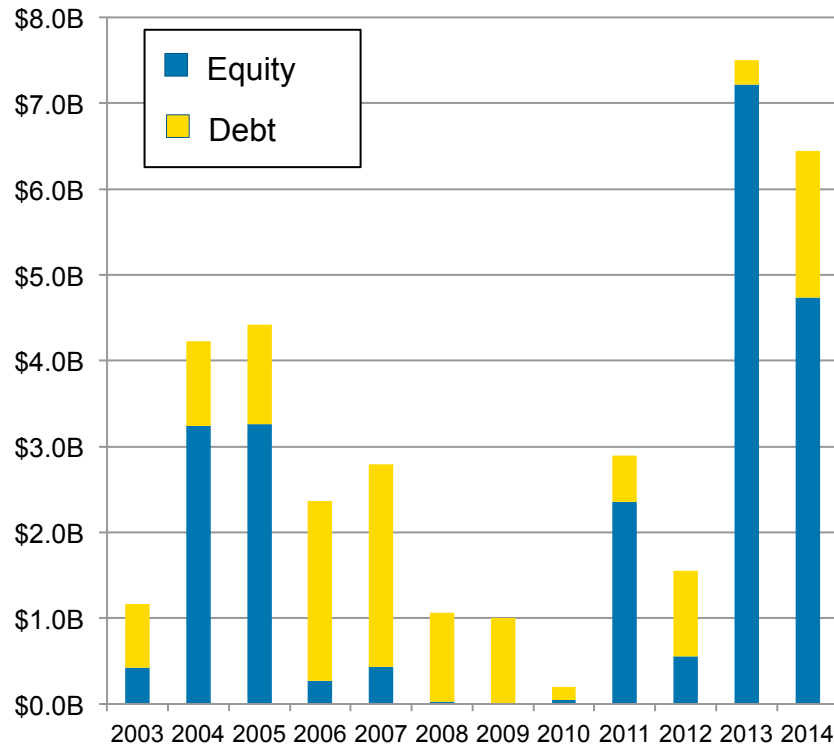
Source: NZX Data, WFE, AVA, RBA



Capital markets

The beginning of a different market environment

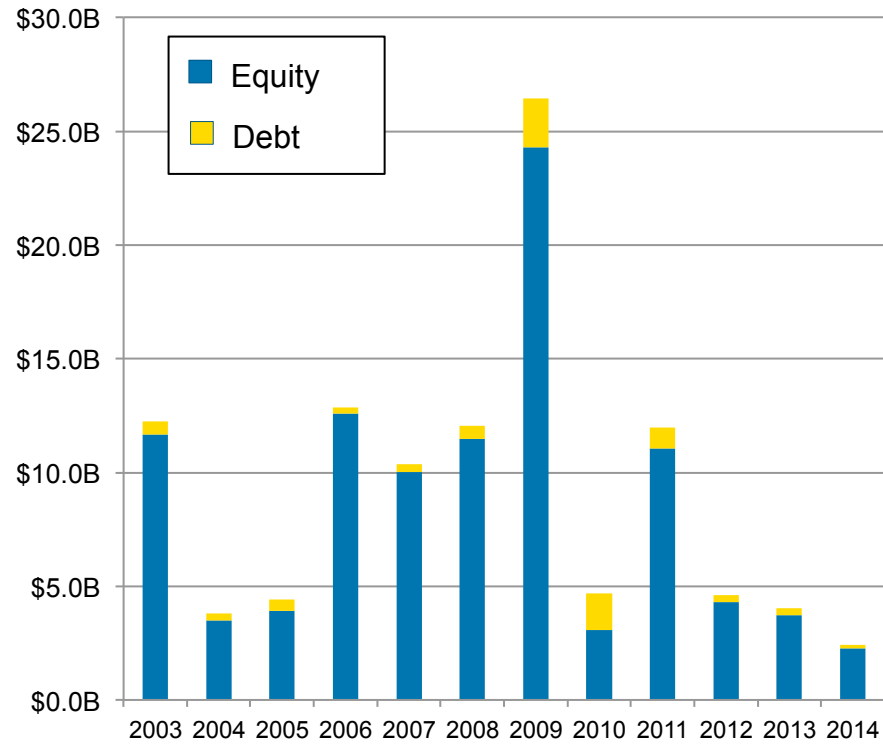
New Capital Listed



IPOs 6 9 3 6 7 1 1 1 2 2 10 16

2014 revenue \$2.8m

Secondary Capital Raised



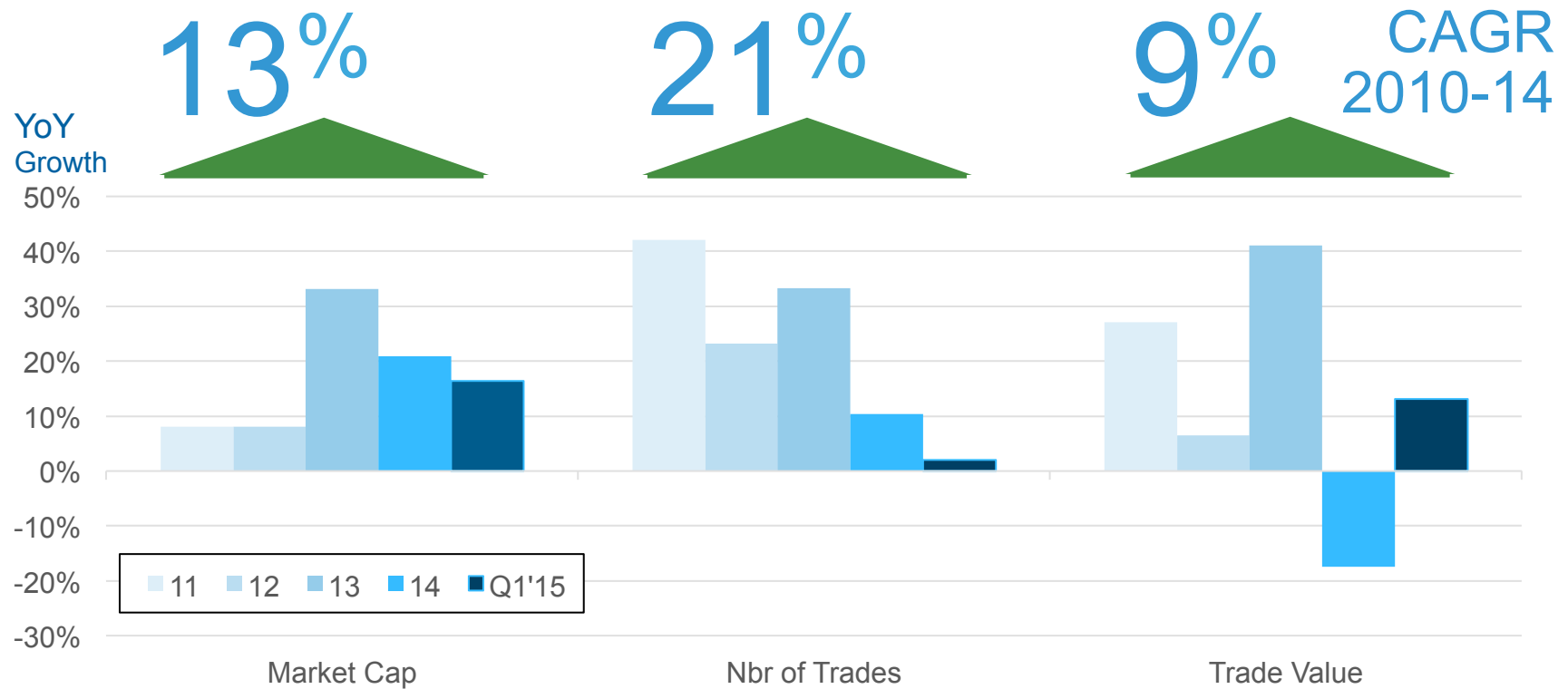
2014 revenue \$2.2m

Source: NZX Data



Capital Markets

Capitalisation drives trading and clearing revenues



Source: NZX Data



Capturing the opportunities

Capital markets

- IPO pipeline
- Futures, options
- ETFs

Products

- NXT

- KiwiSaver registry

Infrastructure

- Funds infrastructure
- NZClear

- NZX.com

Retail

- Advice

- Relationships
- Regulation

Franchise

- Advocacy



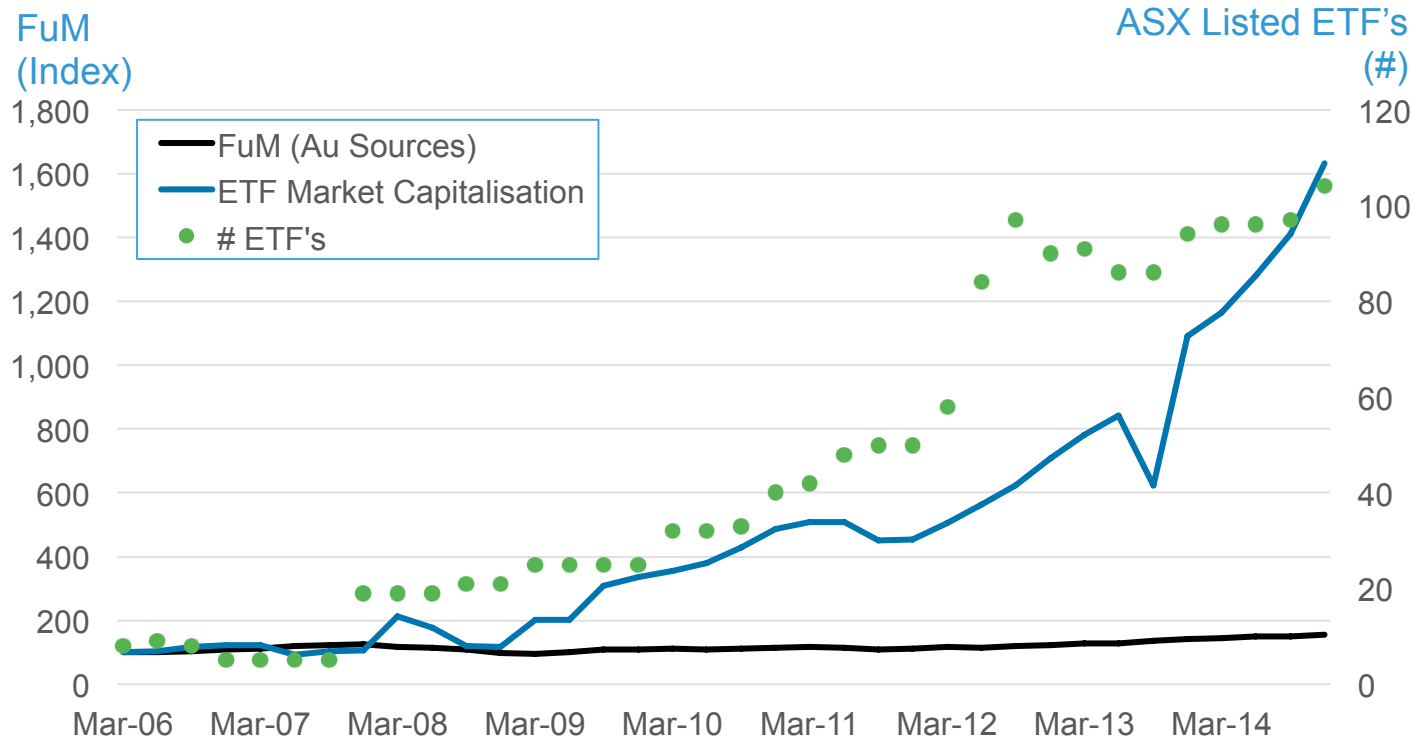
Funds management SuperLife acquisition

- The SuperLife acquisition provides the platform to accelerate the growth of Smartshares ETFs in the rapidly growing NZ funds management sector
- Globally, exchange traded funds (and passive managed funds more generally) have grown faster than other segments of the fund management market
- The development of our ETF business is consistent with NZX's strategy of investing in the growth of the breadth and depth of the capital markets





Funds Management ASX ETF Growth



35%
ETF FuM

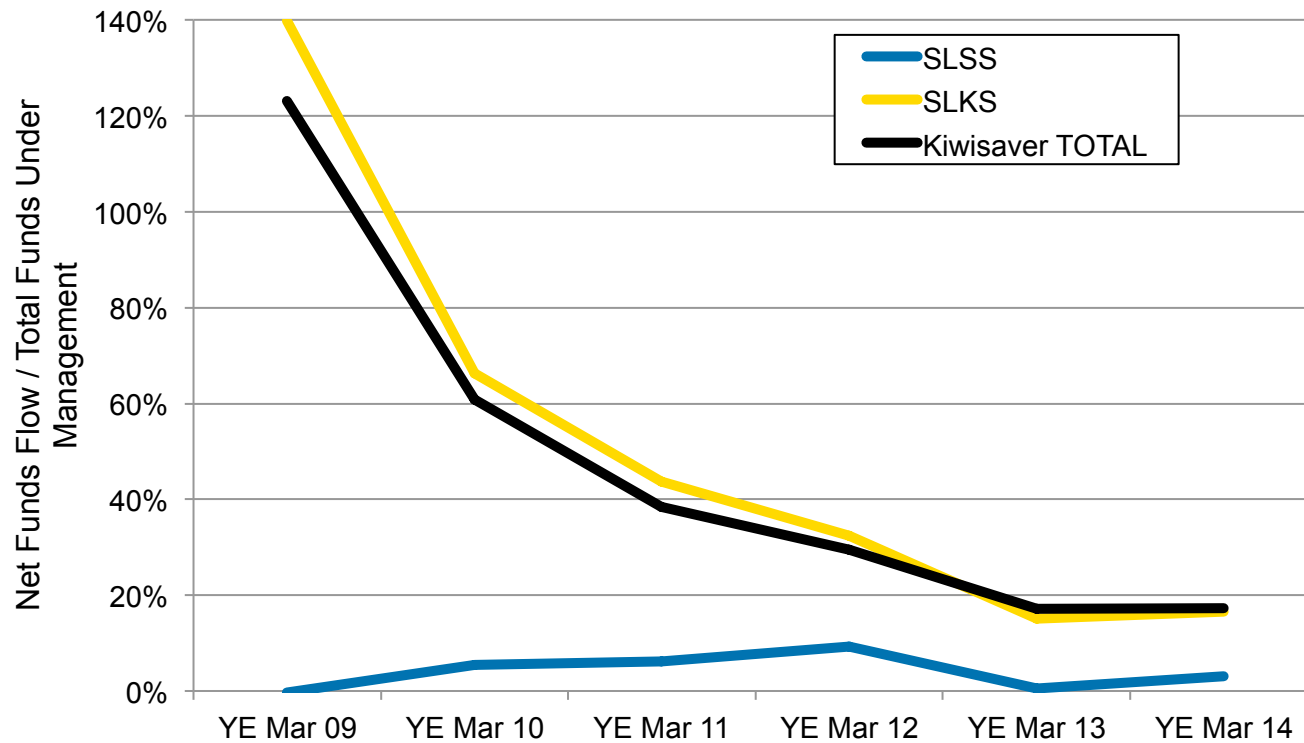
7%
All FuM

CAGR
2010-14

Source: ASX, ABD, RBA



Funds Management Net Funds Flow Relative to Funds Under Management



17%
SLKS

3%
SLSS

% Growth
2014

Note: Total FuM each year calculated as average of opening and closing FuM balance
Source: FundSource, SuperLife



Funds Management

Capturing the opportunities

- 10 Funds

ETFs

- Target 20+

- Low-cost
- 30+ investment options

KiwiSaver

- Merge
- Reinvigorate

- \$856m current FuM
- 140+ employers

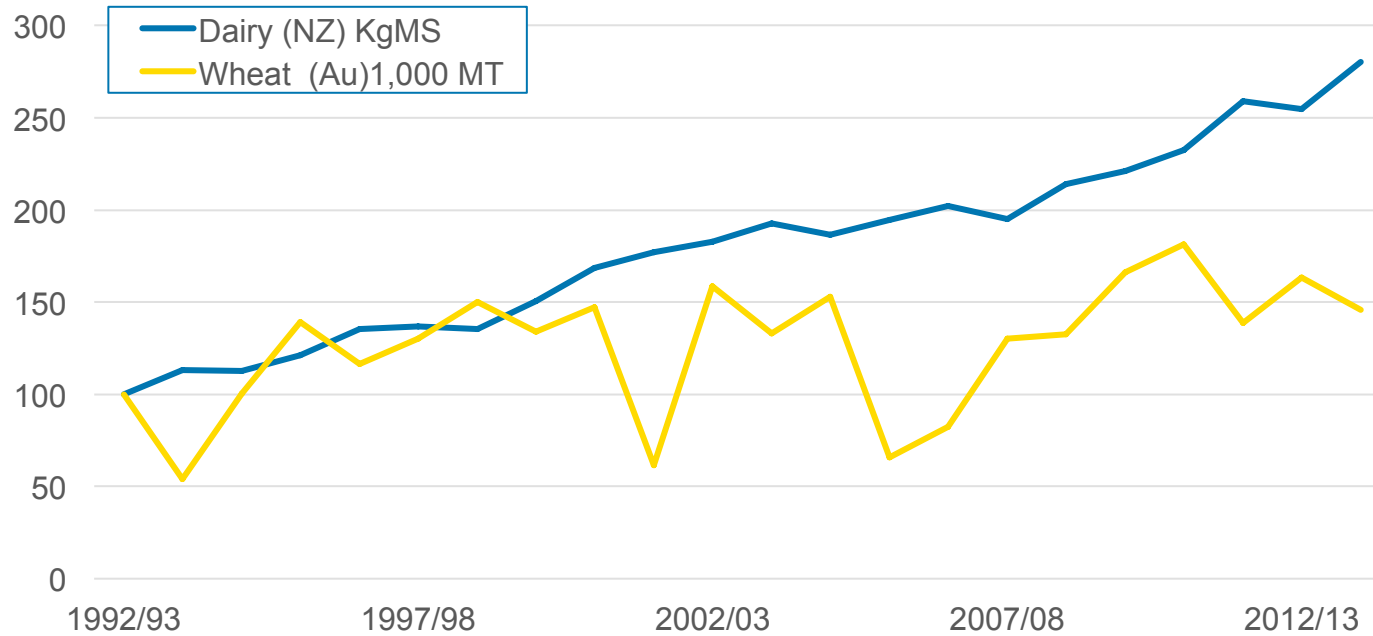
Group Superannuation

- Two schemes won YTD



Agricultural informational and commodities Agricultural production growth

NZ Dairy and Au Wheat Production Index



6%
Dairy
2%
Grain

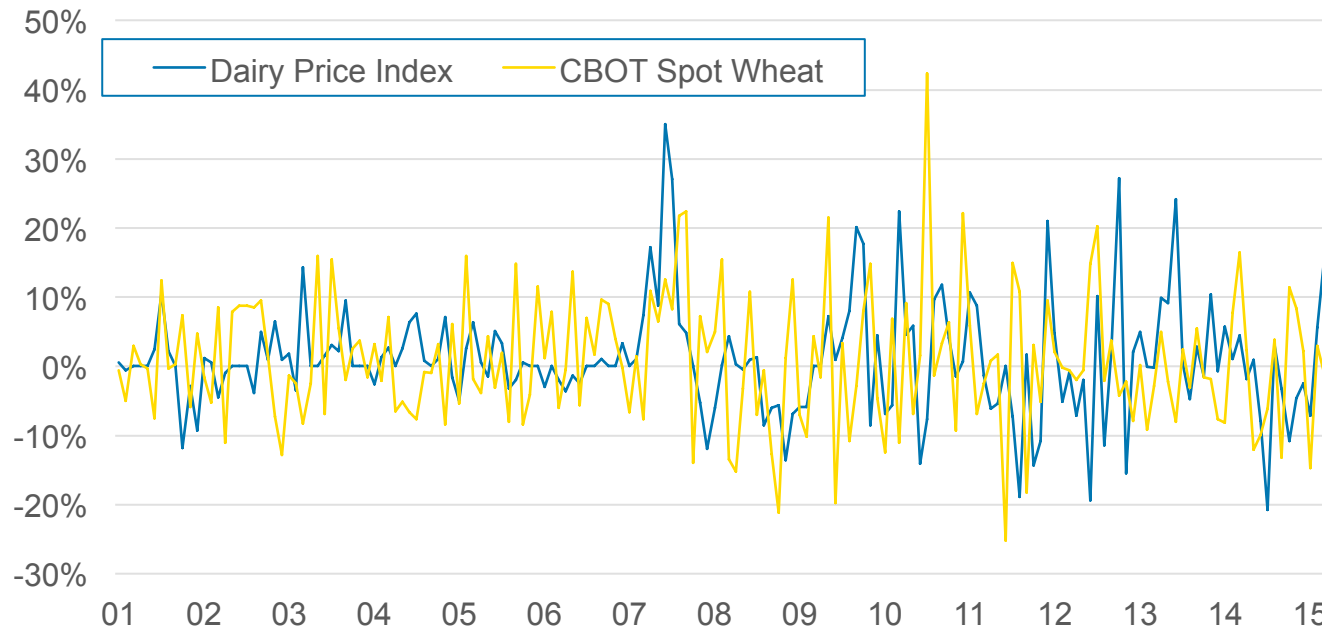
CAGR
2010-14

Source: NZX Data



Agricultural informational and commodities Price volatility

NZ Dairy and CBOT Wheat Price Volatility
(% monthly change)



Last 5 Years
Range

Dairy
(21)% – 27%

Wheat
(23)% – 20%

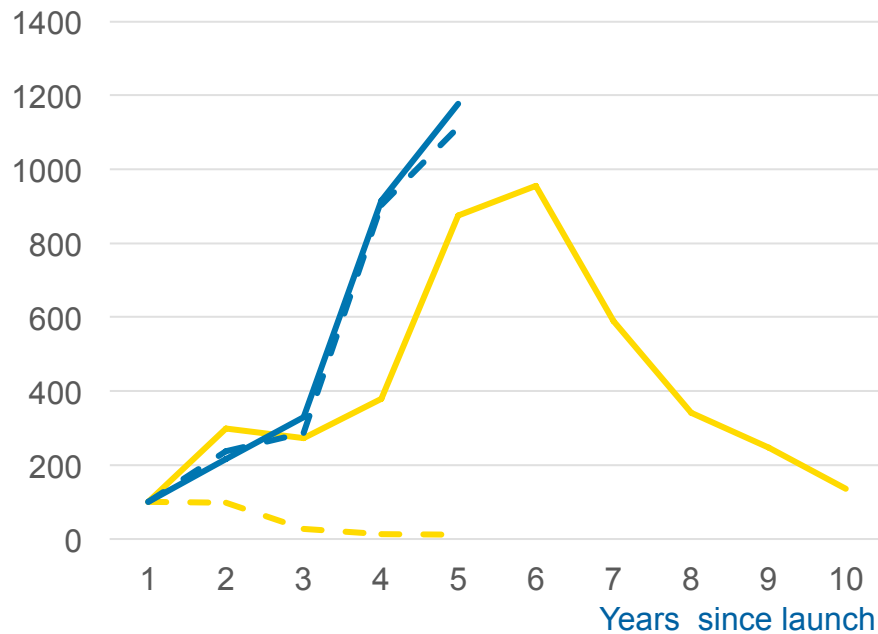
Source: NZX Data



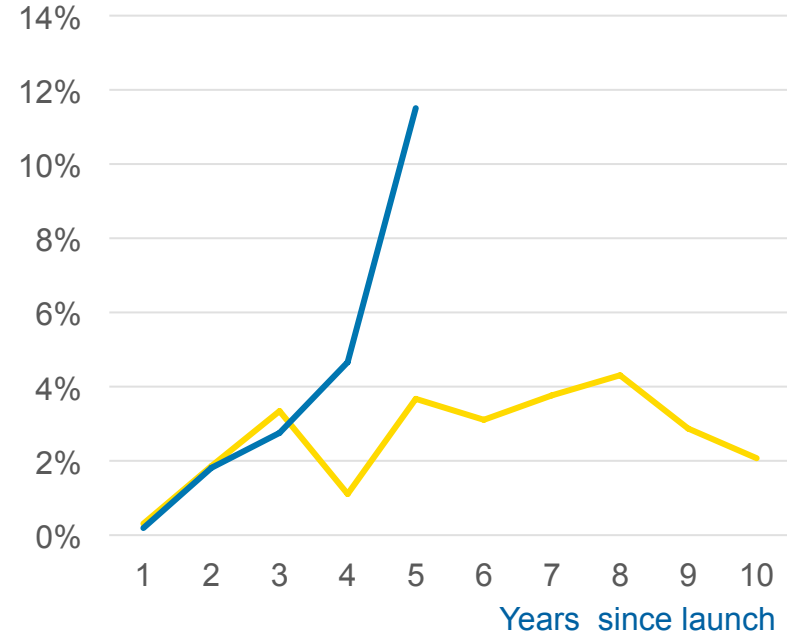
Agricultural informational and commodities

Comparison of ASX Wheat and NZX Dairy contracts

Trade Volume (Index)



Futures / Physical (%)

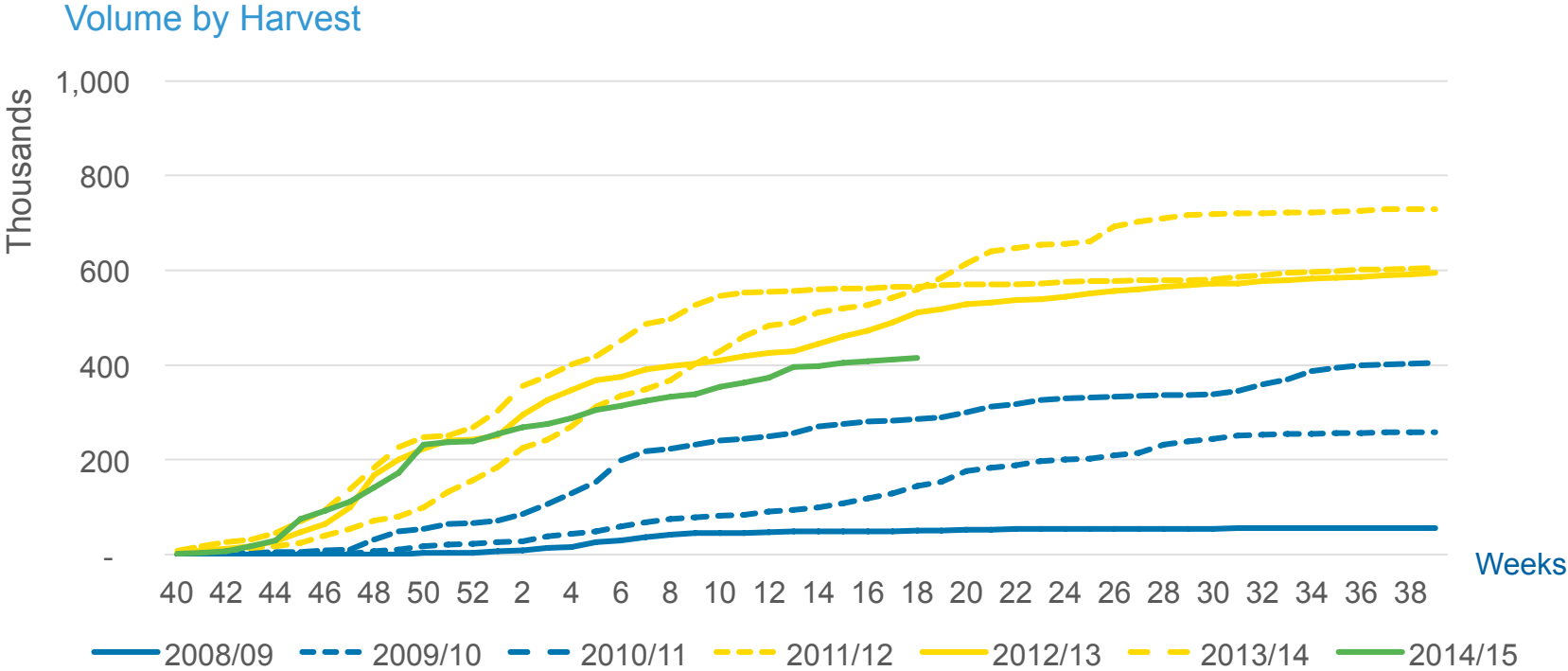


Source: NZX Data, ASX



Agricultural informational and commodities

Clear trade volumes

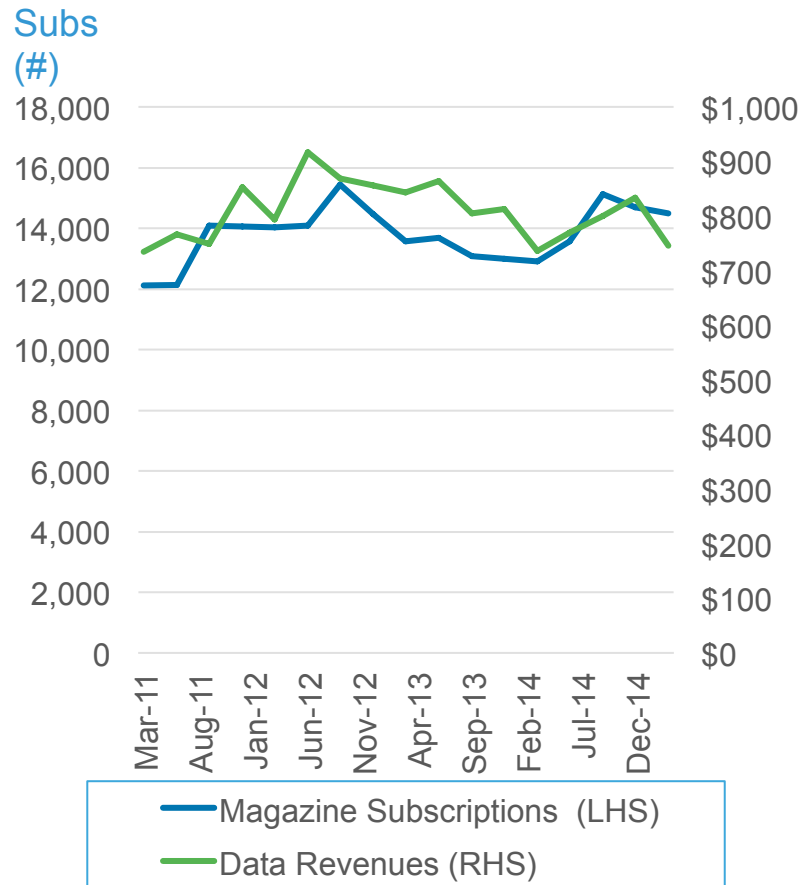


Source: NZX Data

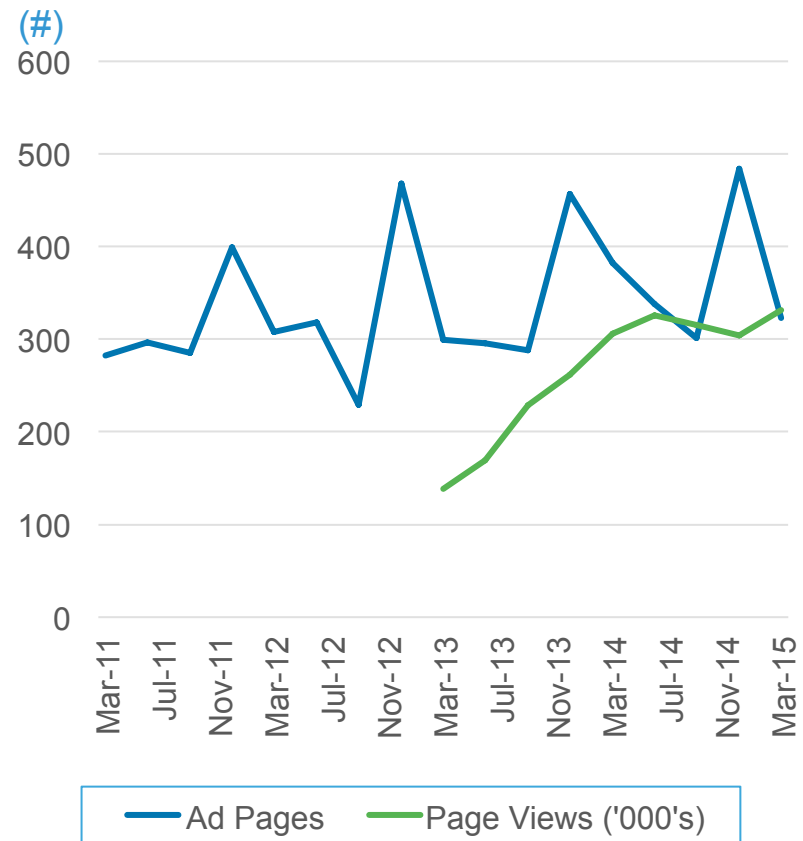




Agricultural informational and commodities Content



Source: NZX Data





Agricultural informational and commodities

Capturing the opportunities

- CFTC
- Butter contract

Dairy

- Milk exposure
- Clearers

- Entry in WA, SA
- Forwards

Grain

- Operating model

- Dairy tools
- iFarm

Data

- Shift to corporate

- Academy
- AgriHQ Busienss

Information

- Print to online
- Monetisation



Investment made

People

- Highly capable and stable senior management team
- Reduced attrition, market competitive compensation
- Growth in numbers in Markets, Market Supervision and Surveillance

Infrastructure

- Systems (trading and clearing)
- Presence: Auckland office
- Compliance





Focus areas for 2015

Business

- Agri data and Clear
- Electricity Authority tender
- NZClear

Market

- Advisor regulation
- Industry economics
- Competitive landscape





Inform. Exchange. Grow

“NZX builds and operates capital, risk and commodity markets and the infrastructure required to support them. We provide high quality information, data and tools to support business decision making. We aim to make a meaningful difference to wealth creation for our shareholders and the individuals, businesses and economies in which we operate.”





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